WEEKLY ECONOMIC REVIEW

June 22, 2007

Canada's annual CPI inflation rate remained unchanged at 2.2% in May. Increases in owned accomodation and gasoline prices were offset by a decline in natural gas prices. Core inflation was also 2.2%, a slowdown from 2.5% last month.

Alberta's annual CPI inflation rate remained the higest among provinces at 5.0% in May, though half a percentage point below the April and March rate of 5.5%. A slight easing in shelter costs and an 18% decline in natural gas prices from April contributed to the reduction. Saskatchewan (2.7%) and Manitoba (2.3%) were the other provinces to post increases above the national average.

National retail sales inched up 0.4% in April, as car sales (+1.6%) offset declines in building and leisure store sales (-2.7%) as well as clothing sales (-1.0%). To date, retail sales are up 5.6% in Canada.

Alberta retail sales slowed in April (-0.5%) following a strong gain in March (2.6%). This was the fourth decline in eight months. To-date in 2007, Alberta retail sales were up 11.1%.

Wholesale trade slowed in seven of ten provinces in April, contributing to a national decline of 3.1%. This erased much of the gains experienced in the previous two months. Following three months of increases, Alberta noted a monthly decline of 7.7%, its lowest level in six months, due to weaker sales of machinery and equipment in the oil and gas sector. To date, wholesale trade is up 6.3% in Alberta and 5.6% nationally.

Cdn Dollar (US¢/CS)

June	22, 2007	93.7
June	15, 2007	93.6
2007-08 YTD		91.0

WTI Oil US$/bbl

June	21, 2007	$68.65
June	14, 2007	$67.65
2007-08 YTD		$64.61

Nymex Natural Gas CS/mcf *
July Contract

June	22, 2007	$7.16
June	15, 2007	$8.38

*Estimate based on Nymex Futures Market Price

The correction process in the U.S. housing market continues as housing starts fell 2.1% in May, pushing the decline from a year ago to 24% from 17% in April.

Oil prices faced upward pressure as labour disputes in Nigeria created supply uncertainty.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Consumer Price Index (2002=100)	**May**			
Alberta	117.8	0.3%	5.0%	4.9%
Canada	112.1	0.4%	2.2%	2.0%
United States (1982-1984=100)	207.4	0.7%	2.7%	2.5%
Housing Starts (thousands)				
United States	1,474	-2.1%	-24.2%	-26.5%
Retail Sales ($ Millions)	**April**			
Alberta	5,012	-0.5%	7.5%	11.1%
Canada	34,053	0.4%	4.7%	5.6%
Wholesale Trade ($ Millions)				
Alberta	5,151	-7.7%	1.5%	6.3%
Canada	42,756	-3.1%	4.1%	5.6%

Source: Statistics Canada
1Year-to-date 2007 compared to the same period in 2006.